Your Exam Content Outline

The following outline describes the content of one of the Wisconsin insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

<table>
<thead>
<tr>
<th>Wisconsin Life: General and State Series 22-01</th>
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<tr>
<td><strong>100 questions (5 pre-test items)</strong></td>
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<td><strong>Two-hour time limit</strong></td>
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<td><strong>Effective November 24, 2018</strong></td>
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**1.0 Insurance Regulation 35%**

**1.1 Licensing 25%**

Purpose

Ref: ch. 628

Persons required to be licensed

Ref: s. 618.41, ch. 628, s. 628.02(1),
  s. 628.02(3), s. 628.02(4), s. 628.02(5),
  s. 628.03, s. 628.04, s. 628.49,
  s. 639.69(1)(b)+(c), s. 632.69(2), s. Ins 6.58, s. Ins 42.01, s. Ins 42.03, s. Ins 47

License Requirements

Ref: ch. 26, s. 628.03, s. 628.04, s.
  628.04(2), s. 628.34, s.
  628.51,639.69(1)(b)+(c), 632.69 (2) ,
  s. Ins 6.59, s. Ins 6.59(4)(a),
  s. Ins 6.59(4)(c)

Record keeping, maintenance, and duration

Renewal
Continuing education requirements
Reinstatement
Assumed name
Change of address or telephone number

Reporting of actions

Ref: s. 134.97, s. 601.42, s. 628.04, s.
  628.08, s. 628.09, s. 628.09(6), s.
  628.11, s. Ins 6.57, s. Ins 6.61, s. Ins 6.63(3), s. Ins 28.04(1)(a),
  s. Ins 28.04(1)(f), s. Ins 28.04(2)(a),
  s. Ins 28.04(2)(b), s. Ins 28.06(6)

**Disciplinary actions**

License termination, suspension, or revocation
Monetary forfeiture (fines)

Ref: s. 601.31, s. 601.64, s. 628.10(1),
  s. 628.10(2), s. 628.10(3), , s.
  628.345(1)(b), s. 628.345(2), s.
  628.345(3)(a),
  s. 628.345(3)(d), s. 628.345(3)(e),
  s. 628.345(3)(f), s. Ins 6.63

**1.2 State regulation 30%**

Commissioner's general duties and powers

Duties
Hearings
Penalties

Wisconsin Insurance Security Fund

Ref: ch. 227, s. 227.12, s. 601.41, s.
  601.41(4), s. 601.42, s. 601.42(4) s.
  601.62, s. 601.62(5), s. 601.64, s.
  601.64(2), s. 601.64(3),
  s. 601.64(3)(d), s. 601.64(4), s. 601.65,
  s. 628.10, s. 628.10(2)(b), s. Ins 6.59, ch. 646

Company regulation

Solvency
Responsibilities of the insurer
Rates
Use of Policy forms
Readability

Producer appointments/terminations
Unfair claims, methods, and practices
Notice of right to file complaint

Ref: s. 628.11, s. 628.40, s. 631.20,
Producer regulation
Fiduciary and trust account responsibilities
Place of business/records maintenance
Compensation of agents
Controlled business
Shared commissions
Proper exchange of business
  Ref: s. 628.32, s. 628.51, s. 628.61, s. Ins 6.66
Marketing practices
Misrepresentation
False advertising
Rebating
Unfair discrimination
Boycott, coercion, or intimidation
Illegal inducement
  Ref: ch. 20, s. 628.34, s. 628.34(1) – s. 628.34(9), s. Ins 6.54, s. Ins 6.55,
  s. Ins 6.67, s. Ins 6.68
Examination of records
  Ref: s. 601.43, s. 601.43(1)(b), s. 601.43(1)(c), s. 601.43(2)(a), s. 601.45, s. 601.49,
  s. Ins 16.01, s. Ins 26.10, s. Ins 26.10(3),
  s. Ins 28.10, s. Ins 28.10(3)
General statutes, rules, and regulations affecting insurance contracts
Definitions
Specific knowledge
Misrepresentation/Warranties
Knowledge and acts of the agent
Certificates of Insurance
  Ref: s. 628.34, ch. 631, s. 631.08, s. 631.09,
  s. 631.11, s. 631.28, ch. 632
Regulation of specific clauses in insurance contracts
  Cancellation
  Renewal/Nonrenewal
  Notice of proof of loss
  Payment of claims
    Ref: s. 628.46, s. 631.36,
    s. 631.43, s. 631.48, s. 631.81, s. 632.36(1–2), s. Ins 18.10, s. Ins 6.11,
    s. Ins 6.77
Privacy of Consumer Information
  Ref: s. 134.97, s. 610.70, s. Ins 25
1.3 Federal regulation 15%
  Fair Credit Reporting Act (15 USC 1681–1681d)
  Fraud and false statements (18 USC 1033, 1034)
1.4 Wisconsin statutes, rules, and regulations pertinent to life insurance and annuities 30%
Policy provisions
  Required provisions
  Variable contract
  Contestability
  Assignment
Designation of beneficiary
  Ref: s. 632.44, s. 632.45, s. 632.46,
  s. 632.46(3), s. 632.47, s. 632.48, s. 632.56,
  s. Ins 2.13(12m)
Marketing methods and practices
  Policy replacement
  Disclosure
  Unfair practices
  Life insurance and annuities
  Proposal
  Policy summary
  Advertising
Suitability of annuity sales to consumers
  Ref: s. 601.42, s. 628.34, s. 628.34(1) – s. 628.34(9), s. 628.347(1)(e),
2.0 General Insurance 10%

2.1 Concepts
Risk management key terms
- Risk
- Exposure
- Hazard
- Peril
- Loss

Methods of handling risk
- Avoidance
- Retention
- Sharing
- Reduction
- Transfer

Elements of insurable risks
- Adverse selection
- Law of large numbers

Reinsurance

2.2 Insurers
Types of insurers
- Stock companies
- Mutual companies
- Fraternal benefit societies
- Reciprocals
- Lloyd's associations
- Risk retention groups
Private versus government insurers
Admitted versus nonadmitted insurers
Domestic, foreign and alien insurers
Financial status (independent rating services)
Marketing (distribution) systems

2.3 Producers and general rules of agency
Insurer as principal
Producer/insurer relationship
Authority and powers of producer
- Express
- Implied
- Apparent

Responsibilities to the applicant/insured

2.4 Contracts
Elements of a legal contract
- Offer and acceptance
- Consideration
- Competent parties
- Legal purpose

Distinct characteristics of an insurance contract
- Contract of adhesion
- Aleatory contract
- Personal contract
- Unilateral contract
- Conditional contract

Legal interpretations affecting contracts
- Ambiguities in a contract of adhesion
- Reasonable expectations
3.0 Life Insurance Basics 10 %

3.1 Insurable interest

3.2 Personal uses of life insurance
- Survivor protection
- Estate creation
- Cash accumulation
- Liquidity
- Estate conservation

3.3 Life settlements (including stranger originated life insurance) life settlements s. 632.69

3.4 Determining amount of personal life insurance
- Human life value approach
- Needs approach
  - Types of information gathered
  - Determining lump-sum needs
  - Planning for income needs

3.5 Business uses of life insurance
- Buy-sell funding
- Key person
- Executive bonuses
- Deferred compensation funding
- Split dollar plans
- Change of insured provision

3.6 Classes of life insurance policies
- Group versus individual
- Ordinary versus industrial (home service)
- Permanent versus term
- Participating versus nonparticipating s. 632.62(1), 632.62(2), 632.62(4)

3.7 Premiums
- Factors in premium determination
  - Mortality
  - Interest
  - Expense
- Premium concepts
  - Net single premium
  - Gross annual premium
- Premium payment mode

3.8 Licensee responsibilities
- Solicitation and sales presentations
  - Advertising
  - Wisconsin Insurance Security Fund
  - Illustrations
  - Policy summary
  - Buyer's guide
- Need for variable license to recommend termination
- Suitability
- Life insurance policy cost comparison methods
- Replacement
- Use and disclosure of insurance information
- Field underwriting
  - Notice of information practices
  - Application procedures
- Delivery
  - Policy review
  - Effective date of coverage
  - Premium collection
  - Statement of good health

3.9 Individual underwriting by the insurer
- Information sources and regulation
  - Application
  - Licensee report
- Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests
(including HIV consent) s. 631.90 & s. Ins 3.53
Selection criteria and unfair discrimination
Classification of risks
Preferred
Standard
Substandard

4.0 Life Insurance Policies 10%

4.1 Term life insurance
Level term
Annual renewable term
Level premium term
Decreasing term

4.2 Whole life insurance
Continuous premium (straight life)
Limited payment
Single premium

4.3 Flexible premium policies
Adjustable life
Universal life

4.4 Specialized policies
Joint life (first-to-die)
Juvenile life

4.5 Group life insurance
Characteristics of group plans
Types of plan sponsors
Group underwriting requirements
Conversion to individual policy

5.0 Life Insurance Policy Provisions, Options and Riders 10%

5.1 Standard provisions
Ownership
Assignment
Entire contract
Modifications
Right to examine (free look)

5.2 Beneficiaries
Designation options
Individuals
Classes
Estates
Minors
Trusts
Revocation at Divorce 30-3-5
Succession
Revocable versus irrevocable
Common disaster clause
Spendthrift clause

5.3 Settlement options
Cash payment
Interest only
Fixed-period installments
Fixed-amount installments
Life income
Single life
Joint and survivor

5.4 Nonforfeiture options
Cash surrender value
Extended term
Reduced paid-up insurance

5.5 Policy loan and withdrawal options
Cash loans
Automatic premium loans
Withdrawals or partial surrenders

5.6 Dividend options

Payment of premiums
Grace period
Reinstatement
Incontestability
Misstatement of age and gender
Exclusions
Suicide exclusion
Medical examination; autopsy
Prohibited provisions including backdating
Cash payment
Reduction of premium payments
Accumulation at interest
One-year term option
Paid-up additions

5.7 Disability riders
Waiver of premium
Waiver of cost of insurance
Disability income benefit
Payor benefit life/disability (juvenile insurance)

5.8 Accelerated (living) benefit provision/rider
Qualifying events
Disclosure
Effect of benefit payment

5.9 Riders covering additional insureds
Spouse/other-insured term rider
Children's term rider
Family term rider

5.10 Riders affecting the death benefit amount
Accidental death
Guaranteed insurability
Cost of living
Return of premium

6.0 Annuities 10%

6.1 Annuity principles and concepts
Accumulation period versus annuity period
Owner, annuitant and beneficiary
Insurance aspects of annuities

6.2 Immediate versus deferred annuities
Single premium immediate annuities (SPIAs)
Deferred annuities
Premium payment options
Nonforfeiture
Surrender charges
Death benefits

6.3 Annuity (benefit) payment options s. 632.435(1)(a)

Life contingency options
Pure life versus life with guaranteed minimum
Single life versus multiple life
Annuities certain (types)

6.4 Annuity products
Fixed annuities
General account assets
Interest rate guarantees (minimum versus current)
Level benefit payment amount
Indexed annuities
Market value adjusted annuities
Guaranteed living benefit riders
Variable annuities

6.5 Uses of annuities
Lump-sum settlements
Qualified retirement plans including group versus individual annuities
Personal uses
Individual retirement annuities (IRAs)
Tax-deferred growth
Retirement income
Education funds

7.0 Federal Tax Considerations for Life Insurance and Annuities 5%

7.1 Taxation of personal life insurance
Amounts available to policyowner
Cash value increases
Dividends
Policy loans
Surrenders
Amounts received by beneficiary
General rule and exceptions
Settlement options
Values included in insured's estate

7.2 Modified endowment contracts (MECs)
Modified endowment versus life insurance
Seven-pay test
Distributions
7.3 Taxation of non-qualified annuities
   Individually-owned
   Accumulation phase (tax issues related to withdrawals)
   Annuity phase and the exclusion ratio
   Distributions at death
   Corporate-owned

7.4 Taxation of individual retirement annuities (IRAs)
   Traditional IRAs
   Contributions and deductible amounts
   Premature distributions (including taxation issues)
   Annuity phase benefit payments
   Values included in the annuitant's estate
   Amounts received by beneficiary
   Roth IRAs
   Contributions and limits
   Distributions

7.5 Rollovers and transfers (IRAs and qualified plans)

7.6 Section 1035 exchanges

8.0 Qualified Plans 10%

8.1 General requirements

8.2 Federal tax considerations
   Tax advantages for employers and employees
   Taxation of distributions (age-related)

8.3 Plan types, characteristics and purchasers
   Simplified employee pensions (SEPs)
   Self-employed plans (HR 10 or Keogh plans)
   Profit-sharing and 401(k) plans
   SIMPLE plans
   403(b) tax-sheltered annuities (TSAs)